

Press Release

**Office of the Kansas Securities Commissioner
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Lenexa Investment Adviser James A. Freese Sentenced to 86 Months in Prison

TOPEKA, KANSAS – Securities Commissioner Chris Biggs announced today that Lenexa resident James A. Freese, 35, was sentenced to 86 months in prison by Hon. James Franklin Davis in Johnson County District Court. Freese, who formerly owned and operated AFG Capital Management, Inc. of Overland Park, was also ordered to pay restitution of \$7,298,160.58.

In August, Freese pled guilty to ten felony crimes. The charges included one count of securities fraud for defrauding his church of \$513,800, three counts of investment adviser fraud for defrauding 116 clients of his firm, one count of filing a false statement with the Office of the Securities Commissioner (KSC), and five counts of making false writings by sending false account statements to customers.

“This is an especially egregious case because it involves a licensed professional who took advantage of his securities license to attract investors,” Biggs said. “Freese told clients that their funds were being invested in a normal portfolio of securities, but in reality he simply took their money and engaged in a ponzi scheme in which he paid profits to earlier investors from deposits of later investors. He also spent large sums of investor money to keep up the appearance that he was a successful financial professional.”

On September 7, 2006, Securities Commissioner Biggs suspended the registration of Mr. Freese and AFG Capital Management after examiners from the KSC conducted an audit of the firm. The suspension was not contested and the firm is no longer in business. On January 31, 2007, Biggs filed a civil lawsuit against Freese, AFG, and two other individuals. In the civil suit, the KSC seized AFG assets in an effort to obtain restitution for former clients of AFG. Criminal charges were filed on February 7, 2007.

The investigation and prosecution of Mr. Freese was done with the assistance and cooperation of District Attorney Phill Kline. In addition, Biggs credits the Charles Schwab brokerage firm for bringing Freese’s questionable activities to the attention of regulators.

The Office of the Kansas Securities Commissioner is charged with administration and enforcement of the Kansas Uniform Securities Act. The Office investigates and prosecutes securities fraud, the offer or sale of unregistered securities, and the offer or sale of securities by unlicensed stockbrokers or investment advisers. For more information and investor education resources, visit www.dontgetscammed.org or call 1-888-40-SCAMS.